GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2613
ANSWERED ON:14.03.2016
MSP of Tobacco
Subbareddy Shri Yerram Venkata

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Minimum Support Price (MSP) for tobacco has not been announced after 2008-09;

(b) if so, the details thereof along with the reasons therefor;

(c) whether tobacco growers have been demanding MSP for tobacco;

(d) if so, whether the Government would consider fixing MSP for tobacco from the current season; and

(e) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

(a) to (e) Yes Madam. The Government of India has not notified the MSPs for FCV (Flue Cured Virginia) Tobacco since 2008-09. Government of India, based on the recommendations of the Commission for Agriculture Costs and Prices (CACP), had been notifying Minimum Support prices (MSP) for various Agricultural crops including Flue Cured Virginia Tobacco (F2 and L2 grades only) every year before commencement of the season. While recommending price policy of various commodities, the Commission keeps in mind the various factors like demand and supply, cost of production, price trends in the market both domestic and international, inter-crop price parity, likely implications of MSP on consumers of that product etc.

It was observed that the average price realized by farmers taking all grades of tobacco together was much higher than the cost of cultivation and hence the need to fix MSP for tobacco was not felt.

In addition, with the exception of Andhra Pradesh marketing Crop-Season 2014-15 prices have been by & large much higher and hence no MSP has been declared. Moreover, due to concerted effort of the Government, tobacco farmers are getting remunerative prices for Karnataka crop season 2015-16.

In view of the above, there is no proposal to fix the MSP of Tobacco in the current year.
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